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SUPER MARKET REQUIREMENTS

THE super market, born about 1927 on the West Coast, developed from the idea that a group of non-competitive retailers could operate concessions under one roof. The early stores were operated by independent grocers who would lease space for the sale of drugs, lunches and sodas, and household items.

Its rate of growth was very slow until 1931, when this type of retailing came into the national spotlight on the East Coast. The King Kullen Store on Long Island, New York, and the Big Bear Store, built a year later near Elizabeth, New Jersey, brought about the sudden interest in this type of retailing. Influenced by the depression when low prices were a necessity in making sales, the independent grocers looked upon the super market as their only means of overcoming the corporate chain competition.

In 1935 the corporate chains began building their first super market. Experience soon proved that one large store centrally located could produce more profits because of reduced operating expense and increased merchandising than a group of small stores serving the same area. For this reason some chains which formerly operated small stores ranging from 1,500 to 3,000 square feet began consolidating into super markets to serve the same areas.

The current housing boom has brought about the construction of many new stores. Newly developed subdivisions have shopping centers and super markets included in their plans. The ever-increasing number of automobile shoppers has resulted in the building of many new stores on the main traffic arteries.

Numerous inquiries on this type of real estate prompted us to conduct a survey among the leading chain grocery organizations throughout the country. The purpose of the survey was to learn more about the requirements and problems of operation for chain stores.

A super market, if it is to be successful, places a heavy emphasis on the following features:

1. A large volume of sales featuring the lowest possible prices.
2. Merchandise arranged into easily recognized departments together with massed display featuring variety.

3. Push carts and broad aisles to facilitate the easy movement of a large number of customers.
4. A sufficient number of check-out counters to speed the movement of customers out of the store.
5. A location with ample parking space easily accessible to the automobile and neighborhood shopper.

The survey indicates that the majority of new stores are being constructed in or near newly developed shopping centers. A few organizations are still consolidating their small stores. Remodeling and expansion of medium-sized stores to take care of greater sales potentials is occurring quite frequently in neighborhoods where there has been an extensive amount of new home construction.

Super market sites are being picked after very detailed studies so that the possibility of white elephants, which were frequent in the 1930's, is practically eliminated. The large chains maintain research departments which conduct these studies; the smaller chains contract independent research organizations. The studies that we find most useful in rating selected sites are:

1. Income Studies. Disposable incomes for the type of merchandise handled by the store within a 1- to 5-mile radius of a considered site are of utmost importance in forecasting sales and in determining the size of the store to be erected. We find that a fairly accurate estimate of total income in a given area can be arrived at by the use of census tract rent data available through the Bureau of the Census.* This estimate of total income can then be distributed into consumer expenditures. The area to be served by a store can be determined only by a careful study of the neighborhood.
2. Traffic Surveys. The automobile has been one of the primary causes in the rapid development of the super market. About 65% to 75% of the super market customers reach the store by automobile; 30% to 20% are neighborhood shoppers; less than 5% reach the store by means of public transportation. Pedestrian and automobile traffic surveys readily indicate the accessibility of a site to prospective customers. In some cases they are of added use in determining the parking space necessary to serve the proposed store.

The size of super markets now under construction varies from 9,000 to 15,000 square feet. There are a few stores that even reach 25,000 square feet. However, there is a general feeling among the chains that an oversized store is more of a disadvantage than a small crowded store. The oversized store has an emptiness

*Indications are that the 1950 Census will include income data by census tracts.

which keeps customers away. The average size of new stores is about 12,000 square feet. This area is divided into 80% retail space and 20% for a produce room and storage. The recent institution of self-service packaged meat departments by some chains alters this ratio to 65% retail space and 35% for storage, produce and cutting rooms.

Necessity for wide, roomy aisles to speed the flow of customers cannot be overestimated. Small aisles which cause a congestion of customers and push baskets impede the volume of sales and often result in the loss of customers. Many stores have wide aisles but continually have them obstructed with merchandise and displays. This condition in many cases is more objectionable than narrow aisles that are kept free of such obstructions. New stores are planned with long main aisles that are 8 to 10 feet wide. Connecting aisles 4 to 6 feet wide are spaced between these main aisles.

Super market sales average about \$3 per square foot of store space each week. The average shopper frequents the store twice a week. Each store is individual in that it has its own peak days and hours. This fact causes much difficulty in trying to determine the number of cashiers and check-out lanes in advance. The general rule of thumb is that each check-out lane can handle \$4,000 in sales each week. A new store recently opened in the St. Louis area featured "drive through" check-out lanes where patrons stand in a special lane while their purchases are checked. After they have made their purchases they have the option of wheeling the merchandise to the parking lot or they may have the service of a call boy.

Automobile shoppers constitute such a large portion of super market patrons that ample parking space is vitally important. Entrance to the parking space must have easy access from the main traffic artery. Exits must be located so as to prevent congestion on the lot. The chains insist upon at least 2 square feet of parking space to 1 square foot of store space. In many instances a 3-to-1 ratio is more desirable.

The number of employees needed to service a super market is based upon the amount of sales per man hour of work. Sales in the chain stores range between \$20 to \$25 per man hour. A large number of employees are hired on a part-time basis so that their work hours can be adjusted to meet the peak sales days and hours. This is especially true of packers and carry-out boys.

The chain corporations own very few of the buildings they occupy for store use. Most of these stores have been specially constructed by private investors. In some instances, older buildings suitable for such occupancy have been remodeled and designed to meet the need of super market tenancy. Leases that are being made on new stores have a tenancy of 10 to 15 years and carry an option to renew. Rentals on this type commercial property vary with the size and location of the store. A few stores are leased on a fixed annual rent of \$1 to \$1.25 per square foot with the lessee paying for all repairs and maintenance. The majority of new leases have a rental based on a percentage of sales with a minimum guarantee. The percentage varies with the expected volume of sales from 3/4 of 1% to 1-1/4%. The lessee is also responsible for maintenance and repairs.

Investments in super market properties carry the same risk as the investment

in any type of commercial real estate. The fact that a store is planned does not necessarily mean it will be profitable. However, if a super market does not include the qualifications that have been mentioned, it should be viewed with the utmost caution.

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